

# 2010 TAX YEAR INFORMATION

KTRS will mail the 1099R tax forms during the last week of January 2011. The tax statement contains confidential information and can only be mailed to the member's address currently on record with KTRS. For your privacy and protection, the member, power of attorney, or beneficiary, must submit a written request to KTRS in order to send the 1099R form to an address that is different from the one currently on record with KTRS. The written request may be mailed to KTRS, or faxed to (502) 573-0254. This special request will not change your permanent address record unless you specifically request that it be changed. You may also visit the KTRS Website at [www.ktrs.ky.gov](http://www.ktrs.ky.gov) for additional information and forms, including the change of address forms.

To request a duplicate for a lost 1099R form, please call 1-800-618-1687. The KTRS Call Center staff will verify your correct name and address for mailing the duplicate form and for the permanent record file.



## Need to contact someone?

KTRS ..... 502/848-8500  
 Toll Free ..... 800-618-1687  
 KERS ..... 502-696-8800  
 Toll Free ..... 800-928-4646  
 Deferred Compensation ..... 502-573-7925  
 Toll Free ..... 800-542-2667  
 KY Revenue  
 Cabinet ..... 502-564-4581  
 IRS ..... 800-829-1040

## THE EASY EXPLANATION

### **BOX 1**

Shows your total KTRS pension benefit prior to withholdings.

BOX 1 (less)  
 BOX 2a = BOX 5

### **BOX 2a**

Shows the taxable portion of your benefit. If blank, box 2b "Taxable Amount Not Determined" should be marked. In this case, please see your tax advisor.

### **BOX 5**

Shows the nontaxable portion of the total. This amount is **NOT** reported anywhere on your tax return. It is an 'information only' box.

### **BOX 9b**

This box will **only** show an amount in the first year of retirement. It provides the total amount of previously taxed contributions.

<b>Form 1099R 2010</b>		<small>OMB No. 1545-0119 Distributions From Pensions, Annuities, Retirement or Profit-Sharing Plans, IRAs, Insurance Contracts, etc. This information is being furnished to the Internal Revenue Service.</small>		<b>Payer's Federal ID Number</b>		<b>STATE COPY 1 - File with Recipient's STATE Tax Return</b>	
Recipient Information		1 Gross Distribution <b>BOX 1</b>		2a Taxable Amount <b>BOX 2a</b>		2b Taxable Amount Not Determined <input type="checkbox"/> Total Distribution <input type="checkbox"/>	
		3 Amount in Box 2a Eligible for Capital Gain Section		4 Federal Income Tax Withheld		5 Employee Contributions <b>BOX 5</b>	
Recipient Identification Number		6 Net unrealized appreciation in employer's securities		7 Distribution Code IRA/SEP/ Simple <input type="checkbox"/>		8 Other	
Payer's Full Name and Address  KENTUCKY TEACHERS' RETIREMENT SYSTEM 479 VERSAILLES ROAD FRANKFORT KY 40601-3800		9a Your Percentage of Total Distribution		9b Total Emp. Contribution <b>BOX 9b</b>		10 State Tax Withheld	
		11 State/Payer's State Number <b>KY 077156</b>		12 State Distribution		State Taxable Percentage %	

**BOXES 10 - 13** Shows the state tax information. KTRS does not withhold state taxes. Only pension income attributable to service credit earned after January 1, 1998, is subject to **Kentucky** state taxes. Outside Kentucky, your resident state tax regulations apply.

# KENTUCKY STATE TAX LAWS

The majority of our members do not owe Kentucky state taxes on KTRS benefits. KTRS strongly recommends you seek the advice of a qualified tax preparer for any specific questions concerning Kentucky income taxes on your pension.

The good news is that when calculating your Kentucky state income tax liability, there is a \$41,110 EXCLUSION for total state taxable pension income on the Form 740 Kentucky Income Tax Return. Your Form 740 begins with the federal adjusted gross income (AGI). Schedule M of the KY state return allows adjustments to the federal AGI. Schedule P of the KY state return is NOT always required; it reports pension income in more detail. You may want to take this newsletter to your tax preparer.

You must compute the state taxable amount. Multiply the state taxable percentage (next to box 12) by the federal taxable amount in box 2a to arrive at the state taxable amount. **DON'T FORGET TO APPLY THE KENTUCKY PENSION INCOME EXCLUSION AGAINST THE STATE TAXABLE AMOUNT.**

## Kentucky Tax Form 740 - Schedule M

Add all your 1099R, Box 2a,  
FEDERAL taxable amounts.

IF THE TOTAL IS UNDER \$41,110 YOU DO NOT HAVE TO FILL OUT KY 740 - SCHEDULE P. Just subtract the amount from the federal AGI by entering the amount on Part II, line 11. Therefore, you do not owe any state taxes on pensions.

IF THE TOTAL IS OVER \$41,110 YOU MUST FILL OUT KY 740 - SCHEDULE P. Even if you are required to fill out a KY 740 - Schedule P, most retired teachers still do not owe any Kentucky state taxes.

## Kentucky Tax Form 740 - Schedule P

Add all your 1099R, STATE taxable amounts. Enter the total on Part II of Schedule P.

IF THE TOTAL IS UNDER \$41,110 YOU DO NOT OWE ANY KENTUCKY STATE INCOME TAX ON PENSIONS. Follow instructions on completing the schedule.

IF THE TOTAL IS OVER \$41,110 YOU OWE KY STATE TAXES ON THE AMOUNT ABOVE THE EXCLUSION AMOUNT. Again, follow instructions on completing the schedule.

## CAUTION:

\*Computing a Kentucky state taxable amount does not mean you owe Kentucky state taxes!!

\*The requirement to prepare KY 740 - Schedule P does not mean you owe state taxes!

Retired Prior to January 1, 1998	Retired After January 1, 1998 TOTAL FEDERAL RETIREMENT INCOME LESS THAN \$41,110	Retired After January 1, 1998 TOTAL RETIREMENT INCOME <sup>11</sup> MORE THAN \$41,110
KTRS remains as KY STATE NONTAXABLE income. If you receive more than \$41,110 federal taxable pension income you still must prepare KY 740 - Schedule P.	If total federal taxable income is less than \$41,110 then all pension income is KY STATE NONTAXABLE income.	You must fill out KY 740 - Schedule P on your State Income Tax Return. Follow the instructions. Your 1099R will have the information needed to complete the KY 740 - Schedule P.

# KENTUCKY TEACHERS' RETIREMENT SYSTEM

## Kentucky State Tax Laws



**1099R BOX 2a  
FEDERAL Taxable Amount**

**NO**

**Over \$41,110?**

**YES**

You do not owe any  
Kentucky state taxes

You must complete  
Kentucky Schedule P

Go to Kentucky Schedule M,  
Part II, Line 11 to subtract  
from AGI

Multiply state taxable percentage by the  
Federal tax table amount (in Box 2a) to  
arrive at Kentucky STATE taxable  
Amount (enter on schedule P, Part II,  
Other Retirement Income)

**NO**

**OVER \$41,110 ?**

**YES**

You do not owe any  
Kentucky state taxes

You owe taxes on the  
amount over \$41,110

**Computing a state taxable amount does not mean you owe state taxes.  
The requirement to prepare Kentucky Schedule P does not  
mean you owe Kentucky state taxes.**